

DURHAM CITY COUNCIL WORK SESSION
THURSDAY, MARCH 19, 2015
2nd Floor Committee Room – 101 City Hall Plaza

Present: Mayor William V. “Bill” Bell, Mayor Pro Tempore Cora Cole-McFadden and Council Members Eugene Brown, Diane Catotti, Eddie Davis, Don Moffitt and Steve Schewel. Absent: None.

Also present: City Manager Thomas J. Bonfield, City Attorney Patrick Baker and City Clerk D. Ann Gray.

Mayor Pro Tempore Cole-McFadden called the meeting to order welcoming all in attendance.

Mayor Pro Tempore Cole-McFadden asked for priority items from the City Manager, City Attorney and City Clerk.

Due to the timing for filing the tax credits, City Manager Bonfield requested that the Council suspend the rules and take action on Item #5 (Commitment to Integral Development, LLC for the Whitted School Project). In addition, he requested that Police Chief Lopez be acknowledged to make a brief introduction.

The City Manager’s priority items were accepted by the Council.

There were no priority items from the City Attorney and City Clerk.

Police Chief Lopez introduced Wil Glenn, the newly hired Public Affairs Manager for the Police Department.

Mr. Glenn addressed the Council stating he was looking forward to working with the police department and the citizens. He stated he once was employed with Durham County government and stated he was deeply entrenched with the Durham community.

The City Council welcomed Mr. Glenn to the City of Durham.

After the Mayor Pro Tempore announced each item on the agenda, the following items were pulled for discussion and/or action by the Council:

SUBJECT: FY 2015-16 BUDGET DEVELOPMENT GUIDELINES

The staff report indicated the development of budget guidelines was a best practice and supported Goal 4 of the City’s Strategic Plan (well managed city) which is to provide professional management that is accountable, efficient and transparent. The guidelines establish the general framework and understanding between elected bodies and the executive administrative staff. The administration developed budget development guidelines as a result of

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feedback during the two budget retreats with the City Council which will be used to guide the development of the City's fiscal year 2015 budget.

The administration recommended that the City Council adopt the Budget Development Guidelines to be used for the development of the FY 2015-16 Budget.

Council Member Catotti asked for clarification on the "tax rate for debt service and cash funded capital shall not exceed 14.02 cents." She asked what was it equivalent to; what does it generate.

Budget Director Bertha Johnson replied it was the 12.76 which was included for the general fund which shows generating the additional \$20 million per year; and stated 1.26 of that is for the enterprise fund for parking and the ballpark.

Council Member Schewel inquired about the tax amount listed for the Business Improvement District; 7 cents (per \$100 assessed value); and asked if the City was receiving the right amount of services for 7 cents; was it the correct tax rate; and if the amount was too much.

City Manager Bonfield stated with the growth of the property values in the BID they did not know what they were.

Budget Director Bertha Johnson replied she did receive the new numbers from the Tax Administrator Kim Simpson; however, they had not applied those assessed values to the rate.

City Manager Bonfield stated once the City had a firm number, the economic development staff would get with DDI staff and evaluate what their proposal is. The manager stated this does not mean that all of the funds needed to be transferred to DDI; and some portions of that could be held back for future years; but ultimately the Council would have the authority to make a decision if a lower number was durable.

Council Member Schewel asked if a guideline needed to be added "that funds can be taken from the debt service fund to cover any potential loss from the State sales tax cuts" to make it clear to the public this might be a potential need. He also referenced that a guideline had been included regarding the loss of privilege license.

City Manager Bonfield replied they could do that; however, he noted one of the practicalities would be that if both of the cuts occurred, there would not be enough to transfer from debt service for the existing obligations. He said the privilege license amount is about the most the City could transfer. He said they could revisit the guidelines adding language regarding sales tax cuts.

Discussion was held on the potential amount the City could lose due to the privilege license and/or sales tax cuts by the State; rates for water and sewer not exceeding 3% increase; and adding as a priority in the budget guidelines that sidewalks would be given the highest priority in the Capital Improvement Plan.

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Council Member Davis requested that a chart be provided showing the increase in water and sewer rates over the past 4 or 5 years.

Budget Director Bertha Johnson replied they would provide the chart showing water and sewer rates increases.

Regarding the Business Improvement District, Council Member Moffitt stated he would like to receive a breakdown on how much was collected and how it was spent.

City Manager Bonfield replied the BID information would be provided during the Council's budget deliberations scheduled in May.

**SUBJECT: COMMITMENT TO INTEGRAL DEVELOPMENT, LLC FOR THE
WHITTED SCHOOL PROJECT**

In May of 2013, Integral Development, LLC (Integral) and its partners submitted an application for Low Income Housing Tax Credits to the North Carolina Housing Finance Agency for the repurposing of the Whitted School. As a part of the financing plan to be submitted with the application, Integral had requested \$500,000.00 in local government financing from the City of Durham. Integral's application was not successful in receiving an award of low income housing tax credits during the funding cycle.

In May of 2014, Integral submitted an application to the NCHFA for an allocation of 2014 LIHTC. As part of the updated financing plan submitted with the application, Integral has requested \$600,000.00 in local government financing from the City of Durham. The following updated financial information "Sources and Uses of project development costs, Cash flow Analysis and Unit Mix and Rent Schedule" was provided by staff.

Integral's application was successful and they received an award of \$631,210.00 in 2014 tax credits for ten years.

The Department of Community Development recommended that City Council authorize the City Manager to issue to Integral Development, LLC a commitment of construction/permanent financing in the amount of \$600,000.00 at a 0% interest rate, with a balloon payment at the end of the term, for the renovation and expansion of the Whitted School for affordable senior housing.

The administration noted that the school system would have oversight for the kindergarten and Integral would have oversight of the housing portion; and Integral in partnership with a County non-profit, would have ownership of the building with the details being negotiated.

It was noted that the affordability period ended in thirty years; and the staff explained the reason for a forty-year balloon.

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Earlier in the meeting, City Manager Bonfield requested that the Council take action on the item at the work session.

MOTION by Mayor Bell seconded by Council Member Davis to suspend the rules of the City Council and take action on the Whitted School Project was approved at 1:35 p.m. by the following vote: Ayes: Mayor Bell, Mayor Pro Tempore Cole-McFadden and Council Members Brown, Catotti, Davis, Moffitt and Schewel. Noes: None. Absent: None.

MOTION by Council Member Davis seconded by Mayor Bell to authorize the City Manager to issue to Integral Development, LLC a commitment of construction/permanent financing in the amount of \$600,000.00 with a term of not less than forty years and a 0% interest rate, with a balloon payment at the end of the term, for the renovation and expansion of the Whitted School for affordable senior housing was approved at 1:35 p.m. by the following vote: Ayes: Mayor Bell, Mayor Pro Tempore Cole-McFadden and Council Members Brown, Catotti, Davis, Moffitt and Schewel. Noes: None. Absent: None.

SUBJECT: BID – ANNUAL POLICE VEHICLE PURCHASE FROM HORACE ILDERTON, LLC, DODGE CHRYSLER-JEEP & SPORT DURST MILLENNIUM AUTOMOTIVE GROUP

The staff report indicated that the contract under consideration would furnish the City with forty-three (43) new vehicles. The vehicles were approved in the FY 2014-15 budget; and the purchase was part of the CIP Vehicle Replacement Program. The Purchasing Division solicited bids from various bidders and five responses were received.

Horace G. ILderton, LLC., and Millennium Automotive Group of Durham, Inc. were the lowest responsive bidders; and the total cost of the contracts would be \$1,070,714.00.

The administration recommended that the City Manager enter into a contract for the purchase of five Rear Wheel Drive, Patrol VA TACT police automobiles in the amount of \$131,410.00 from Horace ILderton, LLC, Dodge Chrysler-Jeep; and to authorize the City Manager to enter into a contract to purchase 18 Rear Wheel Drive, Patrol V6 Police Automobiles, 12 Rear Wheel Drive Patrol V8 Police Automobiles, 8 Rear Wheel Drive, Unmarked V6 Automobiles in the amount of \$963,776.00 from Sport Durst Millennium Automotive Group.

Council Member Brown stated the total cost of the contracts were over a \$1 million; and he did not see in the staff report the type of cars being purchased, the make and model.

Johnathan Hawley, of the Purchasing Division, replied they would provide the make and model of the vehicles prior to the April 6th Council Meeting.

Council Member Brown mentioned that Consumer Reports had rated Jeep Cherokees some of the worse vehicles on the market; and stated that is why it would be good to see the make and model of the vehicles being purchased.

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SUBJECT: 2015 HIGH INTENSITY DRUG TRAFFICKING AREA (HIDTA) GRANT AWARD

The administration recommended that the City Manager accept the 2015 High Intensity Drug Trafficking Area Grant by executing the grant documents; and to adopt the 2015 High Intensity Drug Trafficking Grant Project Ordinance in the amount of \$266,613.00

Kisha Ethridge, of the Police Department, briefed Council on the PE/PI/PS funds in the amount of \$44,000.00. She stated the amount was for informant funds and special investigations.

SUBJECT: SOUTHSIDE NEIGHBORHOOD ASSOCIATION OF DURHAM TIPPING POINT PRESENTATION

To receive a presentation on Southside Tipping Point from the Southside Neighborhood Association of Durham, Inc.

The Department of Community Development was notified of the intent of the Southside Neighborhood Association of Durham, Inc. to provide the City Council with an update on the progress of Southside neighborhood revitalization efforts from their perspective.

Marie Hunter, the neighborhood association President for Southside, provided the Council with a Powerpoint presentation showing the success they were observing in the form of private investments throughout their community. The presentation highlighted gut rehabs, minor home improvements and several newly constructed homes that complement the City's efforts in revitalizing their community.

The Mayor and Council thanked Ms. Hunter for the presentation.

At this time, City Clerk Gray announced the ballot results for the Durham City-County Appearance Commission appointments.

Settling the Agenda – April 6, 2015 City Council Meeting

City Manager Bonfield announced the following items for the April 6, 2015 City Council Meeting agenda: Consent Agenda - Items 1 thru 5; 7 thru 12; and Public Hearings Items 14 thru 22.

City Manager Bonfield stated the Council disposed of Items 6 and 13 at the work session.

MOTION by Council Member Catotti seconded by Council Member Schewel to approve settling the agenda for the April 6, 2015 City Council Meeting as stated by City Manager Bonfield was approved at 1:49 p.m. by the following vote: Ayes: Mayor Bell, Mayor Pro Tempore Cole-McFadden and Council Members Brown, Catotti, Davis, Moffitt and Schewel. Noes: None. Absent: None.

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CLOSED SESSION

MOTION by Council Member Catotti seconded by Council Member Davis to hold a closed session to plan, conduct, or hear reports concerning investigations of alleged criminal misconduct, pursuant to GS 143-318.11(a)(7) was approved at 1:49 p.m. by the following vote: Ayes: Mayor Bell, Mayor Pro Tempore Cole-McFadden and Council Members Brown, Catotti, Davis, Moffitt and Schewel. Noes: None. Absent: None.

OPEN SESSION

MOTION by Council Member Schewel seconded by Council Member Moffitt to return to open session was approved at 3:05 p.m. by the following vote: Ayes: Mayor Bell, Mayor Pro Tempore Cole-McFadden and Council Members Brown, Catotti, Davis, Moffitt and Schewel. Noes: None. Absent: None.

No action was taken by the City Council in open session.

There being no further business to come before the Council, the meeting was adjourned at 3:05 p.m.

D. Ann Gray, MMC, NCCMC
City Clerk